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### **HB 51 Sales and Use Tax Modifications**

Utah Code 59-12-102, 59-12-103, 59-12-104) Cross-reference [HB 88](#) **Effective Date July 1, 2002**

See also [Bulletin 7-02](#)

Amends the Sales and Use Tax Act to add language exempting the sales of certain parts. These provisions codify current Tax Commission practice and clarify that the sale of parts used to repair or renovate equipment or supplies in connection with the following are also exempt:

1. Home medical equipment;
2. Semiconductor fabricating and processing materials;
3. Aerospace or electronics contracts or subcontracts with the U.S. Government;
4. Primary farming operations;
5. Passenger ropeways for ski resorts; and
6. Hearing aids (not to include batteries).

Expands the taxing statute to include that the amounts paid or charged for repairs or renovations of tangible personal property or to install tangible personal property in connection with other tangible personal property unless Section 59-12-104 provides for an exemption for:

1. The tangible personal property; and

2. The parts used in the repairs for renovations of the tangible personal property.

Provides a new exemption for the amounts paid for intrastate movement of horse-drawn car or carriages with SIC (Standard Industrial Classification) Code of 4789 of the federal 1987 Standard Industrial Classification Manual.

### **HB 88 Sales and Use Tax - Agricultural Exemption**

Utah Code 59-12-104; Crossreference [HB 51](#) ; Administrative Rule R865-19S-49. **Effective Date July 1, 2002**

This bill expands the existing exemption for sales of tangible personal property used or consumed primarily and directly in farming operations to include:

1. The sales of parts to repair or renovate the tangible personal property; and
2. The amounts paid or charged:
  1. for services to repair or renovate tangible personal property; or
  2. to install tangible personal property.

This bill codifies current practice. In summary, all sales of parts, labor, and installation are exempt if used primarily and directly in farming operations.

### **HB 129 Sales and Use Taxes - Exemption for Certain Sales of Electricity**

Utah Code 10-1-304, 59-12-104 **Effective Date July 1, 2002**

This bill provides a sales tax exemption for sales of electricity produced from a new wind, geothermal, bio-mass, or solar powered energy source, as designated by a Public Service Commission Tariff. The sale of electricity may be unrelated to the amount of electricity used by the purchaser but must be purchased in the blocks established in the tariff and equivalent to the number of kilowatt-hours specified in the tariff.

### **HB 249 Sales and Use Tax - Location of Transactions**

Utah Code 59-12-207; Crossreference [SB 153](#) ; Administrative Rule R865-12L-7 **Effective Date January 1, 2003**

This bill requires utilities to report the location of where services are delivered for the filing period. The location of where a transaction is consummated is determined under rules of the commission if:

1. A retailer has no permanent place of business in the state; or
2. Has more than one place of business.

The Tax Commission is required to develop the reporting form and send it with the regular distribution pre-printed Sales and Use Tax Return. It will identify the location of any transaction consummated during the return filing period.

### **SB 59 Sales and Use Tax - Taxation of Amounts Paid to a Telephone Service Provider or a Telegraph Corporation**

Utah Code 59-12-102, 59-12-103; Administrative Rule R865-19S-90 **Effective Date July 1, 2002**

This bill clarifies that sales tax is imposed on all intrastate telephone service, regardless of the type of business entity providing the service.

### **SB 144 Sales and Use Tax - Definition of Regularly Rented**

Utah Code 59-12-102 **Effective Date July 1, 2002**

This bill amends the definition of regularly rented from both rented for value of three (3) or more times and advertised, to rented for value of three (3) or more times or advertised. The definition of "regularly rented" means:

1. Rented to a guest for value three (3) or more times during a calendar year; or
2. Advertised or held out to the public as a place that is regularly rented to guests for value.

### **SB 153 Taxes or Charges on Telecommunications Service**

Utah Code 54-8b-2, 54-8b-15, 59-12-102, 59-12-103, 59-12-207, 69-2-2, 69-2-5, 69-2-5.5;  
Crossreference [HB 249](#) **Effective Date July 1, 2002**

This bill brings state law in compliance with the federal Mobile Telecommunications Sourcing Act

by requiring the sourcing of mobile telecommunications to the place of primary use, authorizing the imposition of sales tax on wireless calls made entirely within another state if the place of primary use is in Utah, and prohibiting the state's taxation of wireless calls made within the state by nonresidents. It brings state law in compliance with the federal Mobile Telecommunications Sourcing Act by:

1. Requiring the sourcing of mobile telecommunications to the place of primary use;
2. Authorizing the imposition of sales tax on wireless calls made entirely within another state if the place of primary use is in Utah; and
3. Prohibiting the state's taxation of wireless calls made within the state by nonresidents.

### **SB 195 Sales and Use Tax Amendments**

Utah Code 59-12-1001, 59-12-1002 **Effective Date July 1, 2002**

This bill modifies the Sales and Use Tax Act to expand the uses of a sales and use tax that may be imposed by a city or town for certain highway purposes to include funding a system for public transit. The act provides that a city or town that has obtained voter approval to impose the sales and use tax is not required to obtain additional voter approval to expand the uses of sales and use tax.

### **SB 174 Sales and Use Tax - Exemption for Semiconductor Fabricating or Processing Materials**

(2001 General Legislation Session)

Utah Code 59-1-403, 59-12-102, 59-12-104, 59-12-105 **Effective Date July 1, 2001**

Provides an exemption to be phased in over a three-year period beginning on July 1, 2001 through June 30, 2004 for semiconductor fabricating or processing materials.

1. "Semiconductor fabricating or processing materials" means tangible personal property used or consumed in the process of:

1. manufacturing a semiconductor;
2. fabricating a semiconductor; or
3. maintaining an environment suitable for a semiconductor.

4. "Semiconductor fabricating and processing materials" includes a chemical, catalyst, or other material used to:

1. produce or induce in a semiconductor a chemical or physical change;
2. remove impurities from a semiconductor; or
3. improve the marketable condition of a semiconductor.

Beginning on July 1, 2001 through June 30, 2004, the exemption for sales or leases of these materials will be phased as follows regardless of whether the semiconductor fabricating or processing materials actually come into contact with a semiconductor or are ultimately incorporated into real property:

1. Beginning on July 1, 2001 through June 30, 2002, 10% of the sale or lease is exempt;
2. Beginning on July 1, 2002 through June 30, 2003, 50% of the sale or lease is exempt; and
3. Beginning on July 1, 2003 through June 30, 2004, 100% of the sale or lease is exempt